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HISTORICAL REVIEW OF THE ONTARIO ECONOMY 1900 TO 1963 - A STUDY FOR  
ONTARIO COMMITTEE ON TAXATION  
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HISTORICAL REVIEW OF THE ONTARIO ECONOMY  
1900 to 1963

Study Prepared For The  
Ontario Committee on Taxation

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## INTRODUCTION

The measure of a country's progress has increasingly been defined in terms of its ability to maintain a rate of economic growth adequate to increase the material well-being of its inhabitants. The achievement of a satisfactory rate of economic growth requires an efficient allocation of economic resources between the private and the public sectors. Government taxation and expenditure policies affect the structure and growth of the economy by influencing decisions in the private sector concerning consumption and investment. Changes in the structure and growth rate of the economy in turn affect the sources of government revenue and the demands on government expenditure. Thus, at the same time that there has been such an enormous increase in recent years in the demands for government expenditures, it should come as no surprise that there has also been a radical change in both the structure of the economy and the sources of taxable wealth.

Methods of taxation, ideally, should attempt to provide the greatest public revenue with the least possible depressing effect on the private economy. Governments, therefore, look to the chief sources of income and wealth to provide the bulk of their tax revenues. Ontario in the 1960's as a major manufacturing area, has to look to quite different sources of wealth from which to draw its tax revenues than did the agricultural Ontario of the nineteenth century. Unfortunately, there has been no general review of tax revenues and government expenditures since the McLellan Committee studied municipal and provincial taxation and expenditures at the turn of the century. As the major industries in the province have shifted in importance and as government expenditure patterns have changed, new taxes have been imposed and the rates of taxation have been altered. These developments have been on an ad hoc basis so, like Topsy, the tax structure has just 'grewed'.

The present divisions of revenues and responsibilities and the present structure of taxes and expenditures need to be reviewed in terms of the structure of today's economy. That is why this review of the economic developments of the past 60 years in Ontario has been undertaken. This report sets out as far as possible the changes which have occurred in the structure of the Ontario economy since the turn of the century.





It first describes the characteristics of population change in Ontario in the 20th century and some of the reasons for particular changes. The size, occupation, sex and age of the labour force are then discussed and the changes in employment are outlined. Following a description of characteristic wage rates in 1901 and 1961, the change in personal incomes in aggregate are described. A short section then takes motor vehicle registrations as an example of a development which has resulted in a whole new area of provincial government expenditures.

Following a short section describing the relative contributions of the commodity-producing sectors of the economy in 1900 and in 1963, each production sector is discussed separately and reasons for its changing character set out. Agriculture, fishing, trapping, forestry, mining, electric power, construction and manufacturing are discussed in turn. A few sectors of the economy which have little relationship to provincial government finances, such as rail, air and water transportation and some services, are not discussed.

The first appendix provides as complete a set of annual statistics as can be obtained for each of the areas discussed in the text. In some instances, statistics were only available for census years and others only from 1926 or 1935. Most of the tables also give columns showing Ontario as a percentage of Canada. The second appendix is a set of notes relative to the tables in Appendix I giving sources, discrepancies, and special comments. Appendix III is a chart book in which most of the tables from Appendix I are plotted.

## POPULATION

Population growth has been basic to all the economic changes occurring in the province. This growth has been partly as a result of the changing economic structure but it has also been responsible for some of those changes. Population growth has opened up new markets and permitted the development of new industries. At the same time, it has affected geographic concentration of the population, age distributions and cultural patterns. With its population more than three times that at the turn of

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the century, Ontario is now a substantially different province facing substantially different problems than those faced by the McLellan Committee in 1900.

The pattern of settlement in Ontario which was established during the nineteenth century prevailed through the first 40 years of this century. Growth increased the concentration of population but did not substantially change its social structure or geographic distribution within the province. In contrast to the rest of the country, agricultural settlement of the Prairie Provinces gave Canada its most rapid rate of growth of the century. The developments of the first two decades shifted Canada's population balance in a westerly direction and brought the centre of Canada's population into Ontario rather than Quebec. Ontario gained from the expansion westward as this province was able to provide some of the essential manufactures and services for the growing West. However, it did not gain population at the same rate as the rest of the country.

The years 1921 to 1941 were years of slower development in Canada. Following the main settlement of the West, Ontario grew at about the same rate as the rest of the country. Quebec continued to gain population at a faster rate than Ontario because of its high rate of natural increase. There was some spilling out of the French-speaking population into neighbouring areas of New Brunswick, Ontario, and New England, but on the whole the natural increase in population was absorbed by the home province. Population of the Maritimes was still growing during this period but at a much slower rate than the rest of the country. Thus, the faster than average growth in the Prairies and Quebec just about balanced the slow growth in the Maritimes, and Ontario kept pace with the country as a whole.

A new spurt in population growth came to Ontario during World War II. The all-out war effort after 1941 gave an enormous boost to demand for defence materials. Ontario, as the centre of manufacturing for the country, gained most from this industrial expansion. The post-war period saw a continuation of the industrial growth which had undergone a strong wartime surge. Industrial expansion continued because of the backlog of domestic demand for consumer and producer goods and the slow





recovery of European manufacturing industries. Ontario's population as a result of this grew at the fastest rate in its history during the late forties and the fifties. While there is now some slow-down in the rate of population growth, the concentration of population into southern Ontario has been accentuated. This central core is likely to remain the chief area of Canadian industrial growth.

The shift to a more industrial Canadian economy has affected not only the country as a whole but has also affected the population of Ontario. Even though Ontario has always had the majority of Canada's manufacturing industries, the province until quite recently had maintained a rural outlook. There has been a steady increase in urban concentration of the population for the past 60 years, which has speeded up in the last 15 to 20 years. This can be seen in Table A-9,2. In 1901, only 27 per cent of the Ontario population lived in cities, towns and villages of 5,000 population or more, while by 1961 only 27 per cent did not.

The needs of an urban community have been quite different from those of a rural population, hence urbanization has had a profound effect upon the cost of government services and on the types of government services needed. Urban dwellers look to government to supply many services, some of which individuals in the rural areas used to provide for themselves. Now, with more of the population in the cities, the government has to provide the services for a much larger proportion of the population. Moreover, as the urban population is moving into dormitory areas, there is a growing demand for some of the services in the rural areas. The increasing concentration in population itself is making some of these facilities necessary in rural areas and is also making it economically feasible to provide them. For example, the growth of southern Ontario cities and towns has so taxed the water supply of some areas that farmers and people in small communities are having difficulty in obtaining sufficient water. Continued growth of the cities may necessitate government action to provide water and sewage for entire regions.

Another factor affecting population growth has been the development of our natural resources. Mining discoveries have resulted in the





immediate growth of population in the areas concerned. Thus, such areas as the Porcupine, the Nickel Belt, Elliot Lake, and Atikokan grew overnight from virtually nothing to a group of towns or large-sized communities. When these developments were small and fairly close to transportation, there were not many problems of concern to the government. However, in those with major ore bodies the communities are less unstable and demand the same types and quality of social assets enjoyed by communities of like size elsewhere in the country. Because of the unstable basis of a mining community, this type of growth can and does raise special problems in government financing and in inter-governmental relationships.

Population growth in itself of the magnitude which we have experienced in the last 60 years would have some effect on the patterns of government revenues and expenditures. A population which has tripled and whose income has expanded can afford more social assets and more social capital than could have been hoped for in 1901. Our present population is also involved in a greater variety of occupations and industrial enterprises. These provide a wider base of taxation and also create a demand for more and varied services.

If Ontario's population growth had occurred evenly across the geographic spread of the province, evenly in time and in age distribution, the changes in taxation and expenditures would have been gradual and there would have been little disturbance of the tax structure. However, population growth has come in spurts. This can be seen from Table A-1 showing average annual growth rates by decade. The slowest growth occurred during the decade 1891-1901 when Ontario's population increased by only 0.3 per cent per year and during the period 1931-1941 when the increase amounted to only one per cent per year. On the other hand, from 1951 to 1956 the average annual rate of growth was 3.3 per cent.

The irregular pattern of population growth is a result of the irregularities in immigration rates, changes in the numbers of births, both because of changing fertility rates and the irregular age distribution of the population, and changing death rates.





The most unstable factor in population growth has been immigration. From 1901 to 1961, 36 per cent of the population gain in Ontario was through people coming from other provinces and other countries. The numbers gained (net) varied from as low as 78,000 during the 1930's to nearly 700,000 in the decade of the 1950's. In fact, more than two-thirds of the total gain through migration to this province since 1901 has occurred during the past 20 years. Even in Canada where immigration was at its peak in the 1901 to 1921 period, the net gain was slightly higher during the 1941 to 1961 period than it was during the first two decades of the century. More of the newly-arrived immigrants moved onward to the United States during the earlier period than have in recent years.

Natural increase has still been the major factor in population growth in Ontario, accounting for an addition of more than  $2\frac{1}{2}$  million since 1901. At the beginning of the century, births numbered about 45,000 per year and by 1961 had reached 158,000. This has been the result of both population growth itself and definite cycles in birth rates. For the first 20 years of the century, crude birth rates rose steadily from 20.7 per thousand population to 25.3 per thousand population in 1920. The gradual settlement of the whole country allowed for more rapid family formation and normal family life in these early years. The emancipation of women and the increasing numbers of women seeking work in the twenties produced a profound change in their attitudes towards the family and children. Birth rates declined quite sharply during the 1920's and through most of the 1930's to reach a low of 16.9 per thousand population in 1937. There has been a gradual increase since then and by 1957 the rate had reached 26.8 per thousand population. In the past five to ten years, there has been some decline in crude birth rates. This is largely the result of the small numbers of women in the main child-bearing ages, which in turn is a result of the low birth rates of the 1930's. Waves in patterns of birth rates have shown up in waves in the age distribution of the population. Thus, in 1961 only 13 per cent of Ontario's population was in the 20-29 year age group, the main child-bearing age. Ten years ago the percentage was 16.1 and is expected to rise again to 15.2 in 1974.





The rise in birth rates during the 20 years from 1937 to 1957 has resulted in a large increase in the number of young people of school age or under in the population. In 1961, 32.2 per cent of the total population was under 15 years of age, whereas in 1941 only 24.2 per cent were in these young age groups. This, of course, greatly increased the cost of education and placed far more emphasis on this aspect of government spending. In 1901, 31.3 per cent were in the young age groups but the duration of education was generally much shorter at that time than it now is, both because of a change in compulsory school attendance regulations and the increasing emphasis on education.

At the other end of the life span, declining death rates have also contributed to population increase. The most pronounced change has been in infant mortality rates, which have declined from 91 per thousand live births in 1921 to 23 per thousand in 1962 in Ontario. This drop in infant mortality rates has the same effect on population age distribution as an increase in birth rates. The changing life expectancy has not been only in the very young ages, however. Most categories of people, other than males between 50 and 70, have now a much better chance of survival than they did at the beginning of this century. Death rates are continuing to decline for virtually all age and sex categories so that an ever-growing proportion of the population are living past their working lives. This has forced some change in programs for the aged and has increased interest in pensions at all levels of government.

The birth rates and death rates affect the dependent population more than the wage earner or worker population in the short run. In Ontario at the beginning of the century, high birth rates coincided with comparatively high death rates, hence 31.3 per cent of the population were in the age groups under 15 and only 5.6 per cent were over 65. There was still at that time a high proportion in the 15 to 24 year age group either students or young entrants to the work force. The main working group, the 25 to 65 year age group, make up a smaller proportion of the total Ontario population than at any time since. Declining birth rates more than offset the rise in life expectancy and the proportion of the





population in the dependent category was greatly reduced. By 1941, 50 per cent of the population were in the main working age group 25 to 65. Since that time, although life expectancy is continuing to increase, the proportion of the population over 65 has not changed because the proportion in the under 15 age category is the highest in this century. The 15 to 24 year age group makes up almost the smallest proportion that it has at any time in the past 60 years.

The increased numbers of young people who have been swelling enrolment in the elementary and secondary schools are now completing secondary school and are beginning to enter colleges, business and technical schools. The new few years will have a more profound effect upon educational facilities at the post-secondary level than any changes that have been seen in the past.

It is apparent that not only the population growth but the age distribution of that population influences the needs for government services and changes the emphasis on those services from time to time.

#### LABOUR FORCE

The changing age structure of the population directly affects the proportion of the population from which the labour force can be drawn. In the past, years of most rapid population growth have not necessarily been those of most rapid labour force increase. For the first 40 years of this century the labour force increased more rapidly than population. In the past 20 years, however, population has grown more rapidly than the labour force, in spite of the increased entry of women into the working world. Table B-2 shows the decennial increases for male, female and total labour force for Canada, Ontario, and Canada excluding Ontario from 1901 to 1961. The same differential which can be seen in population growth rates between Canada (excluding Ontario) and Ontario shows up in the labour force with the total for Canada outside Ontario showing a 2.4 per cent gain per year compared with a 1.9 per cent per year gain in Ontario. In the past 20 years, the rate of both population and labour force growth has been faster in Ontario than in the rest of Canada.





Increasing participation of women is clearly demonstrated in the proportion of women in the total labour force. In 1901, only one-seventh of the labour force was female. By 1964, the proportion had risen to about 30 per cent.

A larger proportion of the population is now working and contributing to the material wealth of the province than in 1901, so that we have gained in material production of goods and services not only through the increase in population and improved methods of production, but also through the increasing proportions who are working. Urbanization of the community has been influential in the increasing proportion of females working. The trade and service jobs have expanded in the urban centres and these are the jobs most suitable to women.

The economic activity of the work force presents a partial view of the significance of various industries to the economy. The major male occupational categories in 1961 in Ontario were the manufacturing and mechanical trades, proprietary and managerial, transportation, agricultural, service, professional, clerical and construction in that order. For Canada, on the other hand, manufacturing and mechanical trades occupy the largest proportion of the male work force, but agriculture comes second, transportation third, and proprietary and managerial fourth.

The shifts in male occupations in Ontario since the early part of the century are of even greater interest. In 1911, agriculture completely dominated the Ontario labour market with 36 per cent of the male workers in agricultural occupations. Manufacturing and mechanical trades absorbed about 15.5 per cent, while the proprietary and managerial, professional and service jobs were of much less significance in the labour market than they now are. At the present time, manufacturing and mechanical trades dominate the labour market with almost 22 per cent of all males in these occupations. Proprietary and managerial, professional, clerical, agricultural, service, transportation and construction occupations each make up between 7 and 10 per cent of the total male work force.



For women, the major expansion in job opportunities has been in the clerical and professional fields. Females in manufacturing and mechanical occupations at the beginning of the century were largely in the food processing and clothing and textile industries. While women have moved into some other areas such as electrical appliance manufacturing, they are still predominantly in the former industries which have been growing at only a moderate rate. Thus, by 1961 the numbers in the manufacturing and mechanical occupations were about half again as many as in 1911. In contrast, those in clerical work have increased from 17,000 to 225,000 in the 50-year period. Clerical occupations account for 33 per cent of the total female work force. The service occupations also continue to employ a substantial proportion of women. In 1961, about 22 per cent of all working women were in these occupations, but in 1911 almost one-third of the women working were in service jobs. Increasing demand for medical, educational and social service workers has greatly expanded the demand for women in the professions.

The earnings levels and the amount of leisure time of the population also affect the way of life of the people, the standard of government services which they expect, and their ability to pay for the services they want. At the turn of the century, most of the work force was working between 54 and 60 hours a week as a standard work week. Today the majority of employees are on a 40-hour week or less. An additional 14 to 20 hours of leisure per week at considerably higher rates of pay is a strong factor in people's living patterns. More leisure has increased the demand for recreational facilities, both private and public. In response, government expenditures on community programs, parks and conservation areas, and highways have risen phenomenally.

The earnings and hours of work data demonstrate the changes that have been occurring in living standards. While hour and wage rate data are available only for specific occupations in specific industries on a historical basis, they do demonstrate the extent of the change.<sup>(1)</sup> The standard work week in the metal trades in Toronto and Hamilton in

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(1) Data on hours of work and wage rates were published in the Labour Gazette from 1901. 1961 data are from the Department of Labour, Wage Rate Survey.





1901 was 52-60 hours with the majority of jobs at 55 hours per week. The predominant wage rate for blacksmiths in Toronto in 1901 was between 15 and 20 cents an hour and for moulders in the metal working industries it was 25 to  $27\frac{1}{2}$  cents an hour. The construction trades, because of their seasonality, paid slightly better rates. The predominant rate for bricklayers was  $37\frac{1}{2}$  to 42 cents per hour, plasterers about 38 cents per hour, and plumbers  $27\frac{1}{2}$  cents an hour. Construction labourers earned 18 cents per hour and the nine-hour day, six-day week was fairly standard in the industry.

In 1961 in the construction trades, bricklayers in Toronto were earning about \$3.20 per hour, plasterers \$3.20, plumbers \$3.51 and labourers \$2.00 per hour. In the machine tool industry in Ontario, floor moulders were earning between \$2.01 to \$2.29 an hour in 1961 and the 40-hour week was standard in most of the metal working industries. There were still some people on a 44-hour week but the average was 41.2 hours.

The wage rate changes in Canada will also give an indication of the change in Ontario. Based on 1949=100, construction wages increased from 19.2 in 1901 to 196.3 in 1961. While the indices for manufacturing wage rates are not available prior to 1911, from that time the index rose from 20.7 to 179.5 in 1961.

Part of the increase in wage rates has been absorbed by increases in costs of living. In the period 1913 to 1961, the Canadian Consumer Price Index rose from about 50.0 to 129.2 based on 1949=100. Thus consumer prices in 1961 were a little more than two and a half times and 1913 level. The index of manufacturing wages, on the other hand, rose from 21.7 to 179.5 in the same period - nearly eight times. The index of average construction wages increased to about six times and the general wage rate index to about seven times the 1913 level by 1961.

#### INCOME

Personal income per capita in 1963 was more than four times the level in 1926, and the purchasing power of that income on consumer goods and services was about  $2\frac{1}{3}$  times higher. (Data on incomes are not available prior to 1926.)





The changing sources of income reflect the maturing of the economy. Labour income is now a larger part of total personal income than it was early in this century and the proportion of total personal income attributable to wages and salaries is continuing to rise. When a larger proportion of total provincial income was earned by small business operators, farmers and by persons living from investments, it was possible to obtain sufficient revenues from business, property and excise taxes. However, as labour began to obtain a larger share of total personal income and government revenue requirements increased, it was found necessary to find means of raising taxes from this income.

The most rapid rate of increase among personal income components was in government transfer payments which increased from \$30 million in 1926 to \$1,288 million in 1963. At the present time, government transfer payments amount to almost ten per cent of total personal income, whereas in 1926 they were less than two per cent of the total. The importance of government transfer payments is likely to continue to increase as all levels of government are committed to programs designed to provide minimum security and living standards to all people.

The maladjustments brought on by our rapidly changing production processes can be expected to call forth new programs of financial assistance to individuals. Further rises in the costs of transfer payments can be anticipated as programs are developed to ease the problems created by automation, occupational obsolescence and other by-products of technological change.

#### MOTOR VEHICLES

The motor vehicle has probably been the most important single factor in changing living and working habits in this century. The location of industry and, in recent years, even the location of office buildings and of urban residential areas are no longer limited by the accessibility of water or rail transportation. For heavy industries these factors are still the most important, but light industry and residential settlement now tend to spread out along main roads and



highways. In cities the majority of people travel to and from work by motor vehicle. Toronto is the only city in Canada with a subway and one of the very few which still operates a streetcar system. Public transportation in most Canadian cities is by motor bus.

Ontario, because of its proximity to Detroit, was one of the first parts of the continent to move onto wheels, and was also one of the earliest to adopt a registration of motor vehicles. In 1904, there were about 500 passenger cars registered in the province. By 1963, the total had reached 1,926,000 and total motor vehicle registrations were 2,268,000. Increases in motor vehicle usage have been phenomenal in Ontario, but the increases in the rest of Canada have been even faster as the sparsely populated areas in the western provinces are in some ways more dependent on motor transportation than is Ontario. The charts show registrations in Ontario and in the rest of Canada from 1911 to 1963. From these we can see that the rate of increase in vehicle registrations outside Ontario increased much more rapidly during the periods 1917 to 1920 and 1945 to 1953 than did those in Ontario (see Appendix III, charts E-1-1 and E-1-2). This differential in rates slowed slightly after 1953, but the number of vehicles is still increasing at a faster rate in other parts of Canada than in Ontario. In spite of the more rapid increase in car ownership in other provinces, Ontario still has the largest number in relation to population - one for every 3.3 persons as compared with one for every 4.3 in the rest of the country. This reflects the higher earnings levels in Ontario and the larger proportion of two-car families.

Commercial transport in Ontario is better served by rail and water than in the more sparsely settled areas. Hence, there is only one commercial vehicle in the province for every 19 people and in the rest of the country there is one for every 13 people. The relationship has changed considerably over time as in 1923 Ontario had a slightly larger number of commercial vehicles registered than did the other provinces. By 1963, Ontario had only 334,000 as compared with 923,000 in the other provinces combined. The rate of increase in the rest of





Canada appears to be continuing to widen the gap. From 1952 to 1962, the number of commercial vehicles in Ontario increased by 27 per cent as compared with a 54 per cent increase in the rest of the country.

The differing use of motor vehicles affects the types and localities of highways, roads, and streets needed. In Ontario about 85 per cent of all motor vehicles are passenger cars. The first major use of motor vehicles was for transporting people. In Ontario the passenger car is still by far the most important type of vehicle. Commercial motor vehicles began to come into use in numbers about 1916 and since that time the rate of increase has been exceeding the rate of increase in passenger cars. However, because there are good alternative means of goods' transportation in this province, commercial road transport is not likely to catch up with passenger cars in numbers. Among other reasons for the slower increase in numbers of commercial vehicles have been the introduction of a higher diesel fuel tax and the use of piggy back on the railroads.

It seems clear that the major function of the highway and road system in Ontario will continue to be to transport people rather than goods. This involves expenditure on routes to resort areas and on fast routes to city centres. Such roads and highways are more expensive in relation to the volume of traffic carried than major truck highways because the traffic is concentrated in peak periods.

#### PRODUCTION

Ontario's development as an industrial area was originally based on its natural advantages of good transportation (by water), accessible agricultural land for cheap food supplies, plentiful water and cheap power. The system of canals and railway links which was established before the industrialization of the country enhanced these advantages. It was logical, therefore, that the manufacturing industries supply the newly developing west and the mining and forestry areas to the north should locate in Ontario, which was also the largest market. Another early development in Ontario which gave a great boost to the





industry of the province was the establishment of the Ontario Hydro-Electric Power Commission and the development of cheap electric power. Today the major commodity-producing industry<sup>(1)</sup> in Ontario is manufacturing, accounting for 69.7 per cent of the net value of commodity production. Construction is second with 14.5 per cent of net value and agriculture third, accounting for only 6.4 per cent of the total (see Table D-10-1 &2).

The mining and forestry industries per se contribute only a small proportion of total net value of commodity production, but their importance is far more significant than their production value would indicate. Pulp and paper manufacturing, smelting and refining and iron and steel production are all in the ten leading manufacturing industries in Ontario and are all based to an extent on processing of the province's forest and mineral resources.

Another factor which has been of paramount importance to Ontario development has been the expansion of hydro-electric power capacity. Although no historical data are available on total consumption of other types of fuel, the growth of electric power facilities in Ontario has been basic to the development of some of our industries. The pulp and paper industry and some of the metal smelting and refining processes were the first significant users of electric power. While in 1900 only 0.3 per cent of the net value of all commodities produced was electric power, by 1963 the proportion was 3.6 per cent.

Accompanying the growth of manufacturing has been the increased urbanization of the community and the concurrent growth of the services and trade. While it is difficult to place a monetary evaluation on these services, some indication of the magnitude of the change can be seen from the changing proportion of workers employed in these industries. In 1911, about 13 per cent of all Ontario workers were in the professional,

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(1) The term "commodity-producing industries" comprises the following eight basic sectors - agriculture, primary forest operations, fishing, trapping, mining, electric power, manufacturing and construction.



managerial and clerical occupations; by 1961, these categories made up 33 per cent of the total. The business, finance and personal service occupations showed a similar increase in importance from 13 per cent in 1911 to 21 per cent in 1961.

The changes in the economic structure of the province have not occurred evenly over time. There have been two major changes in direction. The province in 1900 was, as we have said, basically agricultural and production was geared to the export market. The main products were wheat, cheese, lumber and live stock, all of which found their main market in Great Britain. Other industries were suppliers or service industries backing up these major export industries.

The opening of the Canadian West and the prospect of a national economy geared to the exploitation of wheat afforded the province of Ontario a new role in the Canadian economy. The province was centrally located with well-established commercial and transportation systems, both vital to the marketing of the new export staple. To this favourable background, manufacturing began to add a new dimension. The embryo industries had been built up in Ontario to supply agriculture and the growing urban communities of Ontario with necessary equipment and supplies. These grew to provide such goods to the western wheat producers. At the same time, Ontario agriculture shifted to the production of food for the growing cities and to supply western Canada with foods which they could not produce.

The trend toward greater concentration on production for the domestic market has continued through most of the past 60 years. However, the setback in world demand for wheat in the period between the two world wars and the increased importance of demand for pulp and paper and mineral products shifted Ontario's industry back to closer identification with its own resource development. On the whole, it appears that the Ontario economy became again more self-contained. It was an economy extremely sensitive to the revenue and employment arising out of the exploitation of its own resources, their processing and sale, as well as the opportunities emerging in the servicing and supply of these mineral and forest industries.





This pattern, however, was broken by the Second World War. Again, the direction of the province's development was sharply reversed with outside demand reassuming a leading role in creating employment and income. The insatiable demands of war and a high level of resource development during a post-war period of world-wide goods' scarcity spurred on productive extensions of the province's manufacturing industries. Concurrent with this came population growth, rising standards of living and the increased productivity made possible by technical change - all of which culminated in the creation of a vast new Canadian and Ontario pattern of consumer demand. As a result, Ontario, in this period, combined its primary and secondary manufacturing sectors into an economy having a much greater diversity than ever before.

In the decade or more following 1940, Ontario's manufacturing industries expanded into fields of complex consumer and capital goods which had formerly been imported. This expansion was, to some extent, an artificial one, resulting from pent up domestic demand and the low level of international competition throughout this period. In recent years, the passing of the phase of worldwide goods scarcity and the accelerated industrial reorganization of the European nations have brought strong import competition.

This has resulted in some adjustment problems for secondary manufacturing industries. Added to the returning foreign competition, the changes in the Canadian exchange rate have affected the relative ease or difficulty of the market adjustments. In the past few years, the reduced value of the Canadian dollar has been beneficial to the export industries and has made it easier for domestic industries to hold the home market. As a result, there has been a sharp increase in exports of fully manufactured goods since 1960, and by 1963 the total had reached about one-quarter the value of exports of partially manufactured materials and also about one-quarter the value of imports of fully manufactured products.

A major portion of the manufactured end products are from Ontario and are for this reason of great significance to the Ontario



economy. But it must be remembered that some of the more rapidly expanding manufacturing industries of the post-war period - petroleum refining, chemicals and plastics - are based on the processing of our resources. As markets expand and our technical ability improves, our already diversified manufacturing base will be able to add depth through product specialization. For example, the iron and steel industry has changed tremendously in the past ten years as large steel users have expanded. Moreover, rising labour costs in Europe are reducing some of the previous cost differentials and this should help both our primary and secondary manufactures.

#### AGRICULTURE

At the beginning of the century, agriculture was the chief industry in Ontario. Although accounting for almost half the net value of all commodity production in 1900, agriculture was soon surpassed by manufacturing and has continued to decline in relative importance. The industry concentrated on the production of wheat, cheese, butter and cattle for export to Great Britain and to the more industrialized areas in the United States. In the first two decades of this century as Canada became a major wheat exporter, the Ontario trade, service and small manufacturing centres expanded to provide the same services to the west that they had formerly been providing for Ontario agriculture. At the same time, eastern urban centres grew and Ontario farmers gradually shifted their production to food products for the domestic market instead of produce for export. This trend has continued throughout this century.

The concentration of Ontario farmers on the production of food stuffs for the Canadian market has meant that agriculture has had greater stability in the past 40 years than have most of our industries. However, the net value of production in agriculture in Ontario has had enormous cyclical swings. Some of this is due to crop conditions, changes in types of produce and land area in agricultural production, but a major part is the result of price fluctuations.

Worldwide expansion after 1896, coupled with increased urban demand in Canada, meant that prices of wheat and farm produce rose sharply until





about 1909. The slight downward adjustments in prices which took place in the few years prior to World War I were of temporary duration, and by 1920 prices of Canadian agricultural produce were more than two and a half times the 1913 levels and three and a half times the 1900 level.<sup>(1)</sup> In fact, during the 1900 to 1920 period even though net value of agricultural commodities in Ontario increased by about 125 per cent in current dollars, in real terms there was probably about a one-third decline in production.

Prices of farm commodities began their downward plunge with the 1920 harvest and continued downward steadily until 1932 or 1933. Net value of production reflected the low price levels, hence the net value of agricultural commodities in 1933 was only \$110.4 million as compared with \$315.4 million in 1920. However, the volume of production in Ontario did not appear to change very much over the same period. (Canadian price indices, only, are available up to 1926.) Agricultural production continued fairly constant during the early thirties but another upward cycle began in 1938 and 1939 which continued until 1941 or 1942 when there was a levelling off. The increasing importance of some of the high yield crops such as tobacco north of Lake Erie and market gardens south of Lake Simcoe brought further substantial increases in agricultural production in the fifties. This latter trend is likely to continue as the density of population necessitates continuing shifts to perishable food production and high value cash crops in southern Ontario.

The net value of agricultural production, as has been indicated, has shown much wider fluctuations than has the physical volume of production. In terms of overall income in the province, net value must be used. As a proportion of total value of the commodity-producing industries,

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(1) Dominion Bureau of Statistics, Wholesale Price Index Numbers of Canadian Farm Products, 1890-1933, Ottawa, 1934, p.10. These are gross figures for all Canada and can be used only as a general indication of Ontario agricultural commodity price changes. Eighteen of the 24 items in the 1890-1913 index were Toronto prices; only 6 of the 24 items in the 1913 to 1926 index were Toronto prices and an additional 15 were Lakehead grain prices. However, in this index composite prices for apples, eggs, butter, poultry, hay, straw and tobacco made up an additional 11 of the 24 items and these would be heavily weighted to Ontario.



agriculture has been steadily declining in importance. In 1900, this sector was responsible for 48.2 per cent of Ontario's net value as generated by all commodity-producing industries. Sixty years later it contributed only 6.8 per cent of the province's total value in this category. (See Table D-10-1 and Chart D-10-1.) At the same time, the agricultural sector became, even in absolute terms, a diminishing employer of human resources. In 1900, there were 306,000 persons in agricultural occupations and by 1961 this number had dropped to just over 172,000.

Ontario still is the leading province in Canada in terms of value of agricultural production. However, increased output in the western provinces cut Ontario's proportion sharply in the first quarter of the century from about one-half of all Canada to about one-quarter. Drought conditions on the prairies have from time to time decreased agricultural production outside Ontario to such an extent that this province's production has gained in significance, but on average in the past 38 years Ontario has accounted for about 26 per cent of all Canadian agricultural produce. Increasing production of high yield crops may increase Ontario's relative position, but these improvements seem to be merely keeping pace with improvements in the rest of the country.

In terms of net value of production, agriculture has more than quadrupled in the past 63 years and in volume terms it is about 15 per cent above the 1900 level. Limiting factors to greater production in Ontario have been the amount of available land, the fact that other areas more suitable to major grain crops have come into production in North and South America, and that two world wars have spurred most European countries to increase their degree of self-sufficiency in food. The general growth of the country has also brought increased competition for the available labour and capital investment so that farming has not always been the most economic use of these resources.

Since the turn of the century, total occupied farm acreage has been declining but this has been a very slow process as increased acreage in southern Ontario has partially offset the decline in marginal farming within and along the edges of the Shield. In 1901, Ontario's farmers were cultivating some 21 million acres of farmland; in 1961, 18½ million





acres. The trend to specialization in agriculture, however, has manifested itself clearly in the number of units occupied and the average acreage per farm. While 204,000 farm units were reported in 1901 with an average area of 104.6 acres, these figures had dwindled appreciably by 1961 to some 121,000 farms averaging 153.1 acres per unit.

The use of fertilizers and such labour-saving devices as tractors, combines, milking machines, etc. have had a decided impact on the number of persons gainfully occupied in agriculture. The increasing efficiency of agricultural operations has made lower prices possible, and has therefore made it difficult to continue to utilize farm land of low productivity. The prospect of more profitable employment opportunities in the urban centres has attracted many people from their farms, in some cases leaving farm land to sit idle or to be amalgamated into larger holdings. In addition, the rapid process of urbanization and industrialization in southern Ontario has absorbed some farm lands.

As important as other industries and services have become in Ontario, agricultural production is still of basic importance to the whole economy. While providing most of the perishable foods for the population, it also supports a substantial percentage of manufacturing and commercial enterprise. Bread and other bakery products, for example, is one of the province's more important manufacturing industries, yet all of its raw materials are agricultural in origin. The same is true of meat packing, fruit and vegetable products' preparation, butter and cheese manufacturing, flour milling, the manufacture of processed feed for stock and poultry, distilling, brewing and tanning and leather fabrication.

Agriculture is now in a much better supply-and-demand balance than it was in the 1930's. There still exist, however, real problems of adjustments accentuated by the fact that the majority of Ontario's practicing farmers are relatively small operators. They do not, for the most part, have sufficient resources to survive a prolonged downward price movement nor are they all trained or equipped to adopt new production methods or new marketing techniques. Many of the smaller operators are not sufficiently flexible or knowledgeable of markets to be able to



switch their production from produce for which there is slow demand to products with growing markets. Their future progress is dependent upon suitable and sustained public policies of adequate research, advisory services and improvements in long-term marketing programs.

#### FISHING

Ontario's fisheries, never a prime economic force, accounted for 0.3 per cent of total income of the province's commodity-producing industries in 1900 and 0.1 per cent in 1963. (See Table D-10,1). Although subject to wide variations over time, Ontario's contribution to Canada's output from fisheries was just slightly higher in 1949 than it was in 1900. The proportion, however, was reduced after the entrance of Newfoundland into the Dominion in 1949 (see Table D-4, Chart D-4-1).

In absolute terms, the value of production in fisheries has increased from one million dollars in 1900 to  $6\frac{1}{2}$  million dollars in 1963. This annual value of output has, however, been subject to considerable fluctuation over these years (see Table D-4, Chart D-4). Fish populations are subject to drastic changes over short period for environmental and biological reasons. As a result, the annual production figures of different districts and species are themselves susceptible to considerable deviations from the general vacillating trend.

Fishing remains the mainstay of local income in a number of small communities on the shores of the Great Lakes. Moreover, for some Indians and people with limited occupational alternatives near the smaller inland lakes of the north, it affords the chief means of livelihood.

#### TRAPPING

This industry, which first gave Canada a national identity and economic unity, is now of relatively small importance to both Canada and Ontario. Since 1900, Ontario trapping has accounted for only a fractional portion of total commodity production in the province. The percentage of the total has varied from 0.4 per cent in 1920 to





less than 0.1 per cent in the sixties (see Table D-10,1, Chart D-10-3). Although fluctuating widely, the value of Ontario's trapping production relative to that of the whole of Canada has shown a net increase since 1900. While Ontario's trapping interests accounted for 12.5 per cent of the Canadian total in 1900, this proportion fluctuated widely from a high of 29.7 per cent in 1920 to a low of 12.1 per cent in 1938. For the past 20 years the fluctuations have been less marked and Ontario has been producing between 20 and 30 per cent of all Canadian furs in value terms. Today the province is again Canada's largest regional fur producer (see Table D-5, Chart D-5-1).

As can be seen on Chart D-5, the fur trade in general is characterized by sharp fluctuations in value output. The varying elasticities of both supply and demand contribute to pronounced price movements in furs from year to year. Beaver pelts constitute the mainstay of Ontario's trapping industry, but the price paid for these furs has varied from a low of \$7.52 per pelt in 1935 to a high of \$50.78 per pelt in 1946.

The full importance of the fur trade to Ontario, however, is not based solely on its dollar value. One must also recognize the importance of these endeavours in the far northern region of the province where trapping provides the main source of income.

#### PRIMARY FORESTRY OPERATIONS

In both income and employment, primary forest operations have, over the past 60 years, become a more important industry to Canada as a whole than to Ontario. While this industry accounted for 4.2 per cent of the value generated by Ontario's commodity-producing industries in 1900, this proportion had fallen to 1.7 per cent by 1960 and an estimated 1.3 per cent in 1963. In 1900, Ontario produced 50.8 per cent of Canadian primary forest production. By 1920, this proportion had dwindled to 28.1 per cent and since then it has experienced a steady downward shift to 19.2 per cent in 1960 and an estimated low of 15.7 per cent in 1963 (see Table D-10,1, Chart D-10-3). The large-scale expansion of these industries in both Quebec and British Columbia accounts for much of the trend outlined above.



At the same time, however, Ontario's present inventory of standing timber reveals that the province is still in possession of vast timber resources which, if managed wisely, should sustain high levels of forest output indefinitely. Ontario's boundaries encompass 167 million acres of forest - 15.3 per cent of Canada's total acreage. Moreover, two-thirds of this area is accessible or potentially accessible and classified as productive forest land.

In recent years, the seasonal character of forest operations has become much less pronounced. Better and more durable all-weather roads as well as increasing mechanization have made it possible to start wood-cutting operations in the summer instead of limiting these activities to the fall and early winter.

Unlike mineral wealth, forests are a renewable resource, but they are regenerating only to a limited extent and self-generation renewal requires a long time period. Regeneration of our forests can be furthered by proper care, protection, and selective cutting. Much of the forest land is crown land and is therefore under the direct control of the government. Timber leases are long-term, but the government can specify the care and management required to ensure continuous production of our forested areas.

For many years, forest production has accounted for the bulk of total net ordinary expenditures by the Ontario Department of Lands and Forests. In recent years, outlays for timber management and reforestation have become increasingly important. In fact, net ordinary expenditures for these purposes have almost trebled over the past decade.

#### MINING

Over the period 1900 to 1960, Ontario's mineral production has increased relative to net value of all other commodity-producing industries. This proportion has fluctuated widely, ranging from 3.0 per cent in 1900 to 6.0 per cent in 1910, then back to 4.3 per cent in 1920. By 1940, it reached a peak of 9.8 per cent only to fall to 3.6 per cent in 1950 and then to recover to 5.6 per cent in 1960 (see Table D-10,1,





Chart D-10-3). In terms of employment opportunities, some 1.6 per cent of all Ontario workers were engaged in mining occupations in 1911 as compared with 1.1 per cent in 1961.

Looking at the years 1900 and 1963, one would think that mining production has maintained a relative stability vis-a-vis total Canadian mineral production over the past 63 years. In 1900, the province accounted for 20.7 per cent of the Canadian total and in 1963 it was estimated at 21.2 per cent. Again, however, this proportion in the past has been extremely volatile. By 1910, it had risen to 42.8 per cent (following nickel, copper, and silver discoveries), only to drop again to 29.7 per cent in 1926, and then to surge up to 49.9 per cent in 1934 and 1935 with increased production and price increases of gold. From this peak it fell to 20.1 per cent in 1956, recovered to 32.5 per cent in 1959 (following the uranium boom), and then fell again to an estimated 21.2 per cent in 1963 (see Table D-6, Chart D-6-1).

Throughout the First World War, the prosperity of the 1920's and the depression of the 1930's, Ontario mineral production, in terms of value added, advanced without major check until the start of World War II. Since 1946, the rate of advance attained has been greater than ever before, though showing signs of levelling off since 1959. This stability of growth rate has been shared only by the electric power industry. All of the province's other commodity-producing industries show quite clearly the adverse recessionary fluctuations of the nation, especially the losses incurred throughout the Great Depression. Mining thrived through the 1930's under the stimulus of European rearmament demand and President Roosevelt's raising of the price of gold in 1934 from \$20.67 to \$35.00 per ounce.

Most of Canada's gold production has come from Ontario ever since the Klondike sources petered out. Base metals led Ontario's mineral output before 1925, were roughly equal to gold from 1925 to 1940, and now outrun the latter in terms of value of output. This combination of base metal and gold production has been a most fortunate one for the province as their fluctuations in production and in price have tended to offset each other so as to produce a remarkably steady growth curve for total mineral production (see Chart D-6).



Prospects of another mining boom engendered by a second great rise in the price of gold are dim. However, there are rich deposits of iron, copper and uranium which are presently being uncovered in the north and which promise a sustained, if not increased, volume of mineral production in the province. Moreover, it is almost certain that the world demand for base metals will continue to grow rapidly as the underdeveloped nations become more industrialized and as European standards of durable goods consumption continue to increase.

Recent discoveries would indicate that Ontario possesses the largest known uranium deposits in the world. Despite present excess capacity, it is generally expected that, after 1970, demand should be sufficient to absorb the total production of Canada's five largest mines at a production rate high enough to ensure economical operations and competitive prices. The impetus of these developments would go a long way in further securing Ontario's position as an important mineral producer.

#### ELECTRIC POWER

The Ontario Hydro-Electric Power Commission was set up by legislation in 1905 and 1906 to co-ordinate the efforts of municipal power commissions and to ensure the development of cheap power sources to complement the province's expanding manufacturing structure. Ontario, with its innumerable lakes and rivers, was naturally endowed with abundant water resources. The possibility of producing and distributing low-cost electricity has, to some extent, compensated for the province's lack of indigenous coal supplies. Low-cost power, for example, is a prime necessity in the production of pulp and paper, one of the province's largest industries. It has made economical the milling and refining of base and precious metals while also contributing to the expansion and diversification of manufacturing and to a rising standard of living.

Since the turn of the century, the electric power industry has risen from 0.3 per cent of net value of commodity production to an estimated 3.8 per cent in 1960. Relative to the rest of Canada,





Ontario's production of electric power has declined only slightly from 45.5 per cent of total value in 1900 to 38.0 per cent in 1960, despite the remarkable gains made by Quebec and British Columbia over this period.

From data on the available and developed water-power resources of Canada, it is apparent that Ontario is exceeded by both Quebec and British Columbia in resources, but that only Quebec has installed a larger turbine capacity. Ontario has developed a far higher proportion of its potential water power than has Quebec or British Columbia and is now approaching the economic limit of possibilities for further development of hydro-electric sites. Further work on the development of more efficient use of water through pump storage and better control systems and more efficient long distance power transmission will make new sites economic.

At present, electric power accounts for only about 10 per cent of the total energy consumed in Ontario. But, unlike other energy sources, for many of its uses there are no substitutes. In order to meet increasing demands for electric power, the Ontario Hydro-Electric Commission has been putting increased emphasis on thermal-electric power stations. The following tables indicate the progress that has already been made in the field.

Generation of Electric Power, Ontario, 1960-1963

<u>Year</u>	<u>Total Net Generation (000 kwh.)</u>	<u>Hydro (000 kwh.)</u>	<u>% of Total</u>	<u>Thermal (000 kwh.)</u>	<u>% of Total</u>
1960	35.7	34.9	97.8	0.8	2.2
1961	34.8	33.6	96.6	1.2	3.4
1962	35.2	30.9	87.8	4.3	12.2
1963	37.5	29.1	77.6	8.4	22.4

Source: D.B.S. Electric Power Statistics, December, 1960,  
1961, 1962, 1963.



Percentage Changes in the Generation of  
Thermal Electric Power, Ontario, 1960-1963

<u>Years</u>	<u>Percentage Change</u>
1960-61	50.0
1961-62	258.3
1962-63	95.3

It is estimated by the Ontario Hydro-Electric Commission that in mid-summer, 1964, close to 50 per cent of the province's requirements in electric power were being met from thermal sources.

CONSTRUCTION

Construction is the most conspicuous example of a major industry which is almost completely dependent upon local demand. The construction industry not only is ubiquitous, but it is also one of the most sensitive to general economic conditions. In good times it expands rapidly, attracting great numbers of general and casual workmen. These characteristics also serve to explain the high rates of unemployment from which the industry periodically suffers in times of slower growth. Apart from the effect of cyclical fluctuations in general business conditions, the construction industry is also highly seasonal, suffering from serious contraction in the winter months.

The relationship of the construction industry to total commodity production in Ontario reflects the cyclical variations in the economy. From 1900 to 1930, the proportion increased from 5.9 per cent of the total to 15.7 per cent. The proportion fell during the thirties to 8.3 per cent in 1940 and rose again fairly steadily to 15.6 per cent in 1960. There has been a slight easing since then to an estimated 14.5 per cent in 1963 (see Table D-10,2, Chart D-10-2).

Relative to the whole of Canada, the value added by Ontario construction slipped somewhat from 40 per cent in 1900 to an estimated 33.7 per cent in 1963. With the exception of two years, 1934 (when Ontario launched a large public works program to provide employment opportunities and thus accounted for a record 48.9 per cent of Canadian





construction activity) and 1942 (when the province dropped to a proportionate low of 28.9 per cent because of the large increases in wartime construction in other parts of the country), Ontario's construction output, relative to Canada's, has been close to the average of 35 per cent since 1926 (see Table D-9, Chart D-9-1).

#### MANUFACTURING

Ontario's manufacturing has shown the most revolutionary change of any of our industries since 1900. It accounted for 38.0 per cent of the province's income derived from commodity-producing industries in 1900; by 1960 this proportion had risen to a formidable 66.4 per cent (see Table D-10,2, Chart D-10-1). Despite the rapid industrial development in other parts of Canada, Ontario has accounted for a remarkably stable proportion of Canadian manufacturing since the turn of the century. In 1900, Ontario accounted for 51.4 per cent of the nation's income originating in the manufacturing sector. Sixty-three years later the proportion was estimated at 52.2 per cent (see Table D-8, Chart D-8-1).

Early Ontario manufacturing was largely geared to processing the raw materials produced on the farms and in the woods and to providing some of the materials needed by the farmers. Table D-12 shows that processing of food and beverages made up six of the ten leading manufacturing industries in Ontario in 1900, machine shops and agricultural implements were fifth and sixth, and the only two not directly connected with agriculture were log products and lumber products.

The opening of the west increased the demand for some of the other products needed by the settlers. As Ontario agriculture shifted toward the domestic market, the importance of flour and grist mills, butter and cheese factories, tanneries and distilleries declined because most of these were geared to the processing of agricultural produce for export.

This period also saw the establishment of the motor vehicle and other transportation equipment industries in Ontario and the increased activity in the agricultural implement and fabricated iron and steel industries.



The products of the province's iron and steel, shipbuilding, and non-ferrous metal smelting and refining industries came into increasing demand in the first two decades of the twentieth century. The extension of the railways to provide transport for resource exports and the building of the second trans-continental system in Canada greatly increased the demand for iron and steel products and for railway rolling stock.

During this period, a sizeable chemical industry was established. The removal of the U.S. duty on newsprint in 1911 and the growing demand for paper spurred development of the pulp and paper industry to make it one of the largest industries in the province and one of Canada's main exporters. The growth of the pulp and paper and mining industries was particularly instrumental in the demand for electrical apparatus and supplies, construction materials, machinery, chemicals and explosives.

The manufacture in Ontario of agricultural implements was one of Canada's earliest successful manufacturing ventures. The early start in this industry made it possible for it to compete successfully in world markets as well as to supply increased demand at home. During the twenties, a number of other Ontario secondary manufacturing industries developed thriving export markets, particularly in countries of the British Empire. In fact, in 1929 Canada exported 101,000 motor vehicles.

The shift in emphasis in the Ontario economy from agricultural exports to domestic orientation was reflected in the shift in importance of our manufacturing industries. Hence, between 1900 and 1930 the list of Ontario's ten leading manufacturing industries changed considerably. First in importance in 1930 was the motor vehicle industry, and slaughtering and meat packing had moved up to replace flour and grist mills in second place. Some of the non-agricultural industries that moved up to the top ten were electrical apparatus and supplies, pulp and paper, castings and forgings, rubber products, non-ferrous metal smelting and refining, and machinery.

The second major change in manufacturing occurred when the Second World War stimulated a tremendous growth and diversification of Ontario's manufacturing sector. Such secondary industries as motor





vehicles, aircraft and shipbuilding expanded dramatically to meet the war effort. The production of synthetic rubber was started on a commercial scale because natural rubber supplies were cut off. Other strategic industries such as aluminum products, electrical apparatus and chemicals expanded rapidly. The loss of overseas supplies, which were cut by wartime exigencies, meant that consumer demand for textiles, apparel, shoes and many other consumer goods had to be met from domestic production. Moreover, the demand of the army for clothing, bedding, shoes and other consumption goods greatly increased the demand for these commodities.

It was during the post-war period, however, that the most rapid expansion of Ontario's manufacturing activity took place. The province's production level in constant dollars in 1961 was about 80 per cent higher than the level reached in 1946.

The list of the ten leading manufacturing industries in Ontario in 1960 demonstrates the changes that have been occurring as our industry and our economy have matured in the past 20 years. The motor vehicle industry was still first in value of manufactures in 1960. However, the increase in size of the industry has made it economic to produce more of the parts in Canada. Thus, in 1960 the motor vehicle parts and accessories manufactures were also in the top ten. Metal smelting and refining moved up from ninth place in 1930 to second place in 1960. Iron and steel mills, pulp and paper mills, petroleum refining and industrial chemicals were also high on the list in 1960. Five of the ten leading industries in 1960 were directly related to processing of minerals or forest resources. The production of final consumer goods other than motor vehicles, meat packing, fruit and vegetable canning and processing were all of lesser significance than they had been in earlier years. The leading industries in that year were once again dominated by capital-intensive primary manufacturing based on natural resources.

Ontario's manufacturing establishments, although presently numbering only slightly more than one-third of the Canadian total, employ nearly one-half of the manufacturing workers in the country.



In 1961 they accounted for almost half (\$12.0 billion) of the national selling value of factory shipments and for slightly over half of the net value of production. (In 1963, selling value of factory shipments totalled \$14.4 billion.) In the province, manufacturing provided 27 per cent of all jobs and about 34 per cent of all salaries and wages.

In absolute terms, Ontario's manufacturing output in current dollars has increased more than fifty-fold since the turn of the century. Much of this expansion has occurred in the relatively short period since the end of the Second World War. In 1961, for example, the province's net value derived from manufacturing was well over three times the corresponding 1946 level and nearly seven times that of 1939.

Ontario's manufacturing industry is now in a period of transformation. It appears to have successfully come through the period of serious readjustment of the late fifties. The decline in the Canadian dollar, the revival of domestic demand, and a more open world attitude toward trade have all added increased impetus. Uncertainties in the international trading environment make it difficult to forecast the future trend in manufacturing. Some serious structural problems in manufacturing remain to be solved. Greater rationalization of Ontario manufacturing to increase its competitive efficiency may depend to some extent on arrangements which may be worked out for improved access into foreign markets, particularly that of the United States.









